



**P.O. Box 370  
KIRKLAND LAKE, ON, P2N 3J7**

Symbol – TSX & AIM: **KGI**

August 3, 2005

## **Fourth Quarter Gold Production meets Target and Operations Break Even Basis Ounces Produced; Fiscal 2005 Year Results**

**Kirkland Lake Gold Inc.** (the “Company”) announces the financial results for its fourth quarter and fiscal year ended April 30<sup>th</sup>, 2005.

### **Overview**

- During the fourth quarter of 2005 operations processed 31,392 tons of ore grading 0.53 ounces per ton for total production of 16,766 ounces versus a forecast of 16,581 ounces of gold implied. Operating revenue for the quarter based on ounces produced was \$8,852,448 using a gold price of C\$528 per ounce (versus actual gold sales for the quarter of \$7,060,353) and operating costs \$7,640,301. In the fourth quarter the Company spent \$1,935,663 in exploration and this amount was expensed and is included in the loss of \$3,910,315 for the fourth quarter. This loss in the fourth quarter brings the net loss for the year to \$28,159,185 or \$0.68 per share which includes the expensing of all exploration expenditures which for the year totalled \$8,127,896.
- Total gold production for the fiscal year was 45,865 ounces versus a forecast of 65,000 ounces. Acute manpower shortages, periodic excessive dilution, mechanical problems and productivity shortfalls hampered ore and gold production during the first three quarters of the fiscal year where the average grade of the ore processed by the mill was .29 ounce of gold per ton. Steps taken during the year to address these problems include
  - a) Development of a Safety and Training department which has significantly improved the Company’s safety performance and introduced a formal 10 week training programs to develop apprentice miners from qualified recruits, a vital requirement in today’s labour market shortage.
  - b) Expansion of last year’s program of increased underground mechanization which has included the design and development of custom equipment for drilling
- Gold production of 90,000 ounces per annum is planned for 2006 fiscal year. The ongoing dewatering program has reached it’s target level below the 5700 level underground, which permits the operation of the 5700 loading pocket and access for stope mining on three new levels already developed, which have large reserves in ore blocks that can be operated using high productivity mining methods.

## Fiscal 2005 Results

“The attainment during the fourth quarter of a head grade of 0.53 ounces of gold is consistent with the Kirkland Lake camp and the Company’s reserves and resources and we look forward to working through remaining challenges in the next year,” said Brian Hinchcliffe, the Company’s CEO. “Third party engineering studies will shortly be completed to allow for an updated reserve and resource statement (as is required by Canadian reserve and resource criteria).”

“The completion of the dewatering campaign at near 2 billion gallons –almost four times the original engineering estimate –was an all important milestone allowing the Company to work in the re-commissioning of the 5700’ Level Loading Pocket, which substantially increases the ability to produce and hoist ore,” said Bob Rodrigue , the Company’s CFO. “Three new levels with important ore reserves will have hoisting access for fiscal 2006 and beyond.”

The Company incurred a loss for the year ended April 30, 2005 of \$28,159,185 or \$0.68 per share, which compares with a loss of \$22,616,158 or \$0.76 per share reported for fiscal 2004. Gold revenues were higher on a year over year basis at \$22,156,105 (2004 - \$9,807,106) due to higher gold sales. Operating costs rose to \$36,217,949 (2004 - \$25,045,418) as near term development and stope mining increased as part of establishing underground production. The Company continues an aggressive exploration program to fully capitalize on the exploration potential of its mining properties. As such, annual exploration expenditure rose to \$ 8,127,896 as compared with \$3,124,589 reported for the prior year.

| <b>Financial Highlights</b>   |  |  |  |
|---|--|--|--|
| <b>(all amounts in thousands of Canadian dollars, except per share figures)</b> |  |  |  |
|   | <b>12 months<br/>ended<br/>April 30<br/>2005</b> | <b>12 months<br/>ended<br/>April 30<br/>2004</b> | <b>12 months<br/>ended<br/>April 30<br/>2003</b> |
| Revenue   | 22,156   | 9,807  | 11,705   |
| Operating Costs   | 36,218   | 25,045   | 10,788   |
| Exploration Expenditure   | 8,127  | 3,124  | 1,799  |
| Net (loss) before unusual item  | (28,159)   | (22,616)   | (4,935)  |
| Per share (basic and diluted)   | (0.68)   | (0.76)   | (0.25)   |
| Cash Flow (used) for operating activities                                       | (25,849)   | (17,545)   | (2,103)  |
| Net increase (decrease) in cash   | (3,088)  | 8,056  | (5)  |
| Cash at end of period   | 8,633  | 11,721   | 3,664  |
| Total Assets  | 47,735   | 40,530   | 21,333   |
| Total Liabilities   | 12,006   | 12,690   | 9,611  |
| Working Capital   | 3,976  | 3,443  | (2,372)  |
| Weighted average of shares outstanding  | 41,611,019                                       | 29,693,146                                       | 19,942,514                                       |

Gold sales during the latest fiscal year were 41,900 troy ounces (45,865 produced) with an average price of CDN\$528 per ounce as underground production from #3 Shaft continues to ramp up with the Company’s own mining force. This compares with gold sales of 18,623 ounces with an average sales price of CDN\$526 per ounce during the prior year.

During fiscal 2005, negative operating cash flow amounted to \$25,849,127 (2004 – negative 17,545,532) as efforts are ongoing to increase production and become cash flow positive.

During this time frame the Company raised almost \$34.9 million on a net basis to fund its operations and exploration initiative. Capital spending on mine development and equipment decreased to \$9,379,741, down from \$11,113,659 reported the prior year.

The 2005 annual financial statement are available on SEDAR at [www.sedar.com](http://www.sedar.com).

**For further information, please contact:**

**Brian Hinchcliffe**  
**President**  
**Phone 1 705 567 5208**  
**Fax 1 705 568 6444**  
**E-mail: [bhinchcliffe@klgold.com](mailto:bhinchcliffe@klgold.com)**

**Scott Koyich**  
**Investor Relations**  
**Phone 1 403 215 5979**  
**E-mail: [info@klgold.com](mailto:info@klgold.com)**

**Website- [www.klgold.com](http://www.klgold.com)**

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